



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

March 17, 2014

Controls over Nonprofit Mailing Authorization

Report Number MS-MA-14-002

BACKGROUND:

Congress authorized reduced Standard Mail rates for certain categories of nonprofit organizations that meet specific eligibility rules. These reduced rates average about 40 percent less than comparable Standard Mail rates. Eligible nonprofit mailers include religious, educational, and philanthropic organizations. About 350,000 mailers are authorized to use Nonprofit rates. Nonprofit Standard Mail revenue was about \$1.8 billion in fiscal year (FY) 2013. Six percent of the 6,639 new nonprofit mail applications the U.S. Postal Service received in FY 2013 were denied because of reasons including that an organization failed to prove their nonprofit status.

Organizations apply for nonprofit mailing rates by submitting Postal Service Form 3624, Application to Mail at Nonprofit Standard Mail Rates, at the Post Office where they plan to enter mail, or electronically through the Postal One! system. Applicants must provide supporting documentation, which may include evidence of nonprofit status. The Postal Service Pricing and Classification Service Center is responsible for reviewing applications and authorizing or denying organizations for nonprofit Standard Mail rates eligibility.

Our objective was to determine whether the Postal Service applied its policies and procedures consistently when

approving and denying these applications in compliance with applicable laws and regulations.

WHAT THE OIG FOUND:

The Postal Service consistently applied its policies and procedures when approving and denying nonprofit mailer applications in compliance with applicable laws and regulations. Pricing and Classification Service Center staff reviewed applications and supporting documents to ensure each applicant provided sufficient evidence that it met one of the categories to qualify it for Nonprofit rate eligibility.

We reviewed 170 approved and 198 denied nonprofit mail applications from FYs 2010 through 2013 and found applications were approved when they met all of the Postal Service criteria, such as documenting proof of nonprofit status. Applications were denied when they failed to meet one or more of the criteria, such as the requirement to respond to requests for additional information. The Pricing and Classification Service Center used the same evaluation process to approve and deny applications.

WHAT THE OIG RECOMMENDED:

Based on the results of our review, we are not making recommendations.